

Master Agreement

**for
Workers' Compensation Claims Administration
between State Compensation Insurance Fund and
the Department of Personnel Administration
for the
Period of July 1, 2009 Through June 30, 2014**

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ATTACHMENTS:

- I State On-Line Claims Access (SOLCA)
- II "Side Letter" Agreement

I. Master Agreement Mission

- This agreement will enable the uninsured departments of the State of California in partnership with State Compensation Insurance Fund (State Fund) and the Department of Personnel Administration (DPA) to provide all benefits to which an injured employee is lawfully entitled in a prompt, objective, impartial, courteous and ethical manner.
- This agreement will support the goals of restoring each injured employee to a useful place in the community, while making the best use of taxpayer money. This will be accomplished by encouraging State departments to return an injured employee to work at the same or another State department whenever feasible.
- This agreement will help protect the public interest by accomplishing the services outlined through adherence to workers' compensation law; establishment and implementation of measurable performance standards for State Fund, the departments and DPA; the implementation of effective cost containment programs and the recognition by all parties of their duty to utilize fiscal restraint in benefit delivery and the administration of this agreement.

II. Memorandum of Understanding

It is the declared goal of DPA acting in partnership with State Fund (pursuant to Insurance Code Section 11871) to develop a comprehensive program. Prior to renewal of the Master Agreement on July 1, 2014, DPA and State Fund will jointly review the outcome of this program.

The parties to this agreement acknowledge section XI. C., which states that State Fund accepts no financial liability for any and all errors and omissions that occur in the course of adjusting the State's workers' compensation claims.

DPA, State Fund, and the departments shall attend monthly management level meetings. The purpose of these meetings is to facilitate greater performance and accountability under the Master Agreement. The meetings will work to resolve issues presented by this agreement and the claims administration process, to keep the parties informed about the program and any changes thereto, and to foster mutual accountability through improved communication.

DPA will schedule and facilitate the monthly management level meetings.

Critical to these efforts will be the hiring and development of fully funded staff positions at State Fund to enhance benefit delivery, case management, and defense of the State of California's interest in their workers' compensation claims. It is agreed that DPA and State Fund will commit to staffing levels jointly defined, that will be cost effective in support of public interest while adhering to requirements under California Workers' Compensation Law. State Fund's insured claims and legal operations will serve as a model, but will not determine ultimate staffing needs in the unique environment of the State Contract program. It is specifically agreed that the commitments made by State Fund under the Master Interagency Agreement are contingent upon the State of California maintaining full funding for the costs incurred by State Fund to provide service enumerated in this Agreement.

The authority under the Master Agreement to approve the funding of these positions remains with DPA, while the authority to assign staff positions and workloads under the Agreement resides with State Fund's management.

Service fees and reimbursement of expenditures will be in compliance with Sections 11774-11776 and 11871 of the California Insurance Code which specify the appropriate use of State Fund's assets and prohibit State Fund from using its assets to subsidize activities under this Agreement. The Agreement is specifically intended to be in compliance with the State of California's "Full Cost Recovery Policy" contained in the State Administrative Manual (SAM) – Chapter 8752 and incorporated as part of this

Agreement. Service fees will be evaluated and adjusted annually to reflect the projected costs for each new rating period covered under this Agreement and any subsequent renewal.

The parties recognize that circumstances within the State government may impact funding and/or staffing for the State Contract Program. Should such circumstances arise, State Fund will provide the Department of Personnel Administration with a written evaluation of the impact on the State Contract Program. If the ability of State Fund to meet the terms of the agreement is negatively affected, the evaluation will specifically address the areas that will be affected. The parties recognize the necessity of protecting and preserving the core functions of benefit delivery and legal defense of the economic exposures to the State of California. Under no circumstances shall this be construed as a basis for shifting the liability for benefit delivery costs, benefit costs, or penalties from the State of California to State Fund.

III. Terms of Agreement and Definitions

The term of this agreement will commence on July 1, 2009 and shall expire on June 30, 2014 with an annual re-opener for price adjustment and necessary amendments to reflect business needs and/or law changes. The terms and conditions of the Agreement may be amended or modified by a "side letter" agreement; or canceled at any time by either DPA or State Fund by giving one year prior written notice and agreement to facilitate a smooth transition. Parties also recognize that this agreement has been established based on current workers compensation law, and if the laws substantially change, the parties agree to meet and review the Master Agreement.

Cancellation notice shall be sent by certified mail to the last known address of the other party. Should this agreement expire without an approved extension, or another agreement to take its place, then the claim files and records pertaining to the State departments' claims will be turned over to DPA and State Fund shall have no further obligation to furnish services. In that event, State Fund retains the right to preserve copies of any material it deems necessary.

The parties agree to begin negotiations on the subsequent master agreement on or about July 1, 2013. These negotiations will be concluded on or before January 1, 2014.

No person, on behalf of either party, shall have the right to effect an oral amendment to this agreement.

This agreement shall be subject to the examination and audit pursuant to provisions in the SAM manual section 20010, anytime during the agreement and for the period of three (3) years after final payment under this agreement.

If an audit is to be performed on behalf of an individual Department or group of departments, that Department or group of departments will be responsible for funding the audit. All audits must be authorized and coordinated by DPA.

The following are terms used in this agreement:

Adjuster:	A State Fund representative who determines the benefits to which an injured employee is entitled.
Agreed Medical Evaluator (AME)	A medical evaluator, chosen by mutual agreement of the parties, to resolve medical issues on the claim(s) of an injured employee.
Applicant	The party, usually the injured worker, who establishes a case before the Workers' Compensation Appeals Board.
Application for Adjudication	A request for the Workers' Compensation Appeals Board to hear both sides of a bona fide dispute and render a decision.

Arising Out of/ Occurring in the Course of Employment (AOE/COE)	Refers to Labor Code requirement that to be compensable, an injury or illness must arise out of employment and occur in the course of employment.
Case Load	All claim files an adjuster is responsible for managing.
Claim File	A file which contains all the documents related to a specific injured employee on a specific date of injury. The file may include paper documents and electronic documents.
Compromise and Release (C&R)	A voluntary agreement subject to approval by the Workers' Compensation Appeals Board, which for a specified amount, releases the employer from further liability for the injury(s) specified in the agreement.
Declaration of Readiness to Proceed (DOR)	Filed with the Workers' Compensation Appeals Board when a party is ready to proceed with a hearing.
Department(s)	Legally uninsured departments, agencies, boards, commissions, or other subdivisions of the California State Government participating in this master agreement for workers' compensation adjustment services.
Disability Claim File	Claim file in which temporary, permanent, vocational rehabilitation or death benefits are due, demanded or anticipated. State Fund may also use the term "full-dis" file.
Discrimination Claims (Labor Code 132a)	A petition filed because an injured employee alleges he/she has been discriminated against by his/her employer because of an industrial injury.
Electronic Claims File (ECF)	A claims operating system used by adjuster for processing and managing claims. The Electronic Claims File stores individual claims data and electronic documents.
Electronic First Report of Injury (EFROI)	EFROI is a tool enabling electronic submission of the Employer's First Report of Injury (SCIF 3067) directly into State Fund's Electronic Claims File. EFROI is accessed through State Fund Online (using a login ID and password).
Finalization	Refers to the conclusion of a case where there is permanent disability, future medical care and/or a dispute over some issue. The settlement method should be determined based on what best protects the interests of the injured employee and his/her employer.
Findings & Award (F&A)	A Workers' Compensation Administrative Law Judge's decision finding that an applicant is entitled to disability benefit payments, future medical treatment or both.
First Aid	Any one time treatment and any follow-up visit for the purpose of observation of minor scratches, cuts, burns, splinters, or other minor industrial injury, which do not ordinarily require medical care.
Hearings	Formal proceedings held at the Workers' Compensation Appeals Board before a Workers' Compensation Administrative Law Judge.

Injury	Any injury, illness or death resulting in lost time from work beyond the employee's work shift or medical treatment other than first aid that is work related.
Litigated Claim	A claim file in which the injured employee has obtained legal representation, there is an "Application for Adjudication of Claim" filed at the Workers' Compensation Appeals Board or when legal file creation is appropriate based on the facts of the claim file.
Maintenance Claim	A claim file where the injured employee has received an award for future medical care, permanent disability and/or life pension payments. New activity may cause the case to become an active disability claim file.
Mandatory Settlement Conference (MSC)	A conference at the Workers' Compensation Appeals Board required before a case is set for hearing.
Master Claim File	The main file an adjuster is working from when an injured employee has more than one claim. There may be more than one master claim file if the situation warrants.
Mini-Dis Claim File	A claim file where the injured worker is temporarily disabled and in need of medical treatment. A file may be a mini-disability claim file for up to six months before it must be assigned to a "Full Dis" adjuster. If any serious issues arise (AOE/COE, PD, litigation, etc.), the file is assigned to a "Full-Dis" adjuster.
Maximum Medical Improvement (MMI)	The point in the medical treatment where the injured employee is not expected to get any better or any worse. Used interchangeably with Permanent and Stationary.
MPN	Medical Provider Network. A statewide network of physicians that has been approved by the DWC to treat the State's injured workers.
Non-Disability Claim File	A claim file in which the employee receives medical treatment only and no disability is expected.
Permanent and Stationary (P&S)	The point in the medical treatment where the injured employee is not expected to get any better or any worse. Used interchangeably with Maximum Medical Improvement.
Primary Treating Physician (PTP)	The doctor who has overall responsibility for treatment of the industrial injury or illness. There can only be one PTP at a time.
Qualified Medical Examiner (QME)	A medical evaluator, chosen by the injured employee, State Fund claims adjuster or the Applicant attorney, to resolve medical issues on the claim(s) of the injured employee. A QME is a physician licensed by the appropriate licensing body for the State of California and appointed by the Department of Industrial Relation's Administrative Director pursuant to California Labor Code Section 139.2.
Return-to-Work Coordinator (RTWC)	The department's designee, who is responsible for facilitating the early return to work of the department's injured employees and for monitoring the administration of a department's workers' compensation claims. Some departments use the term Departmental Claims Coordinator (DCC) or other departmental designee to handle and/or manage return-to-work issues.
Secondary	A claim file that is related to a master claim file.

Serious and Willful Misconduct (S&W)	A petition filed alleging the injury is caused by the serious and willful misconduct of the employer or the injured worker.
Settlement Authority	Permission granted by the department to State Fund to settle a claim(s) file .
Special Investigations Unit (SIU)	The Special Investigation Unit (SIU) is the only department within State Fund authorized to refer suspected workers' compensation fraud to authorized governmental agencies on State Fund related business (California Government Code Article 3, Reporting Improper Governmental Activities).
Stipulation with Request for Award (Stip)	A settlement where the parties agree on the terms of an award. It may include any future medical treatment. Payment takes place over time.
Subrogation	The employer's right to pursue collection of damages from a third party.
Utilization Review (UR)	A review by medical professionals of any request for treatment in connection with an industrial injury.
Workers' Compensation Appeals Board (WCAB)	The Workers' Compensation Appeals Board of the Division of Workers' Compensation is the determiner of fact in workers' compensation cases.

IV. Claims Management

A. State Fund Responsibilities

01. State Fund shall adjust the State's workers' compensation claim files in accordance with the California Labor Code, all applicable Rules and Regulations, and State Compensation Insurance Fund's internal guidelines.
02. State Fund may establish dedicated offices to service this Master Agreement. The preferred method for handling state claims files will be in dedicated offices, but claims may also be handled in State Fund District Offices. State Fund shall provide the same level of service to the State whether the claim is handled in a dedicated or district office. Claim files may be transferred to other State Contract Services offices, or State Fund District offices designated to handle state cases to accommodate an injured employee's, department's or State Fund's needs.
03. State Fund shall maintain electronic and paper files according to State Fund guidelines.
04. Individual adjuster case load size shall be determined by State Fund management, and reported to DPA on a quarterly basis. Case load size shall be broken down by State Fund office. Case load size shall be determined based on actual filled positions and exclude positions that are vacant. State Fund will attempt, to the extent possible, to assign all of the claims for a department to dedicated adjusters within the same unit.
05. When there is a change in adjuster caseload assignment, State Fund shall notify the affected department of the name(s) and contact information (phone, e-mail and fax) for the adjusters assigned to their case load and provide each person's area of responsibility. This notification will take place not later than one week after the change in adjuster caseload assignment. Email is the preferred method of notification.
06. State Fund shall make the workers' compensation liability decisions in regards to claims adjusted under this agreement. This authority shall not extend to California Labor Code Section 132a issues, Serious and Willful misconduct, or liability of the department for civil issues that may arise from the same facts as the workers' compensation claim. Prior to making a liability decision, State Fund shall gather and review all available information, including evidence provided by a department, and will consult with a department on claims identified as disputed. State Fund shall review available information in making its decision, and shall make a reasonable investigation of all workers' compensation liability issues.
07. State fund shall notify the Return-to-Work Coordinator (RTWC) before an investigator is assigned when there is a need for a comprehensive investigation. The notification will include the investigator's name and contact information. Notification under this shall not delay commencement of the investigation.
08. Upon request for an investigation by the RTWC, State Fund shall assign/hire an investigator within ten (10) working days. If the need for an investigation is questionable, State Fund will provide discussion and consultation to the requesting department outlining the merits of ordering an investigation. The final decision whether or not to investigate a claim will be made by State Fund's Legal Department. Completion of the discussion process, in the event consultation is necessary, shall not exceed twenty (20) calendar days. If, after consideration of the department's

request, an investigator is not hired, State Fund will provide written explanation for the denial.

09. State Fund may refuse departmental review of an investigative report if State Fund believes there is a conflict of interest in a particular case.
10. State Fund shall determine whether an injured employee is entitled to workers' compensation benefits based on the medical record and relevant facts. State Fund shall communicate acceptance of a claim by benefit notice to the injured employee according to statutory timeframes with a copy to the employer. An acceptance notification letter on non-dis claims will be sent within 14 days of State Fund receipt of the claim to the injured employee with a copy to the employer.
11. State Fund shall establish a new claim within one (1) business day of receipt of employers' first report of injury submitted electronically using State Fund's electronic first report of injury, and within five (5) business days of receipt of other claim initiating documents via fax to the customer service center.
12. State Fund shall follow timeframes set forth under Labor Code Sections 4062.1, 4062.2 and 4062.3 to provide all information to the injured employee and/or attorney and the Agreed Medical Evaluator (AME) or Panel Qualified Medical Evaluator (PQME) prior to the scheduled medical examination. Upon request, State Fund will provide the cover letter and addendum to the RTWC.
13. State Fund shall utilize a Delay-in-Decision process to ensure that all appropriate discovery is completed within statutory timeframes. The claim file shall be documented upon completion of each item. The Delay and Decision process is integrated into the Electronic Claims File (ECF) and includes: Assistant Claims Manager Initial Review, Assistant Claims Manager 60 Day Review, Delay Benefit Notice sent according to statutory timeframes, Documentation of receipt of employee claim form, Employee claim form sent to employee if not received, Investigation ordered if needed, Request for medical release and follow up request if not received, Copy service request for medical records, Doctor appointment set, Cover letter sent to doctor.
14. When the department has identified a new claim as disputed with respect to industrial causation, State Fund will contact the RTWC to discuss the claim identified at case make up. Unless a rejection notice has been sent, State Fund will initiate an additional contact with the RTWC no later than 60 days into the delay period. The adjuster or Assistant Claims Manager will contact the RTWC with an explanation if the decision is made to accept the claim and will consider all relevant factors impacting the decision.
15. State Fund shall verify periods of disability for Industrial Disability Leave (IDL), LC 4800 and LC 4800.5 as appropriate, including the three day waiting period. State Fund will pay temporary disability as appropriate at the end of IDL, LC 4800 or LC 4800.5 upon notice of the ending date from the department.
16. The adjusters shall review and diary or use system defined diaries on all claims files in their caseload. The frequency of the file review shall be based on the activity of the claim file and shall be not less than State Fund guidelines and system defined Electronic Claims File diaries as noted below.
 - a. Adjuster Non-Disability Claims File Reviews
 - i. Review at case make up
 - ii. Review if time loss occurs

- iii. Review if there is a request for medical treatment or a medical bill
 - iv. Review at 5 months based on a report that identifies non-disability claims at 5 months from Date of Injury to determine if the claim should be transferred to a disability claim or closed.
- b. Adjuster Disability Claims File Reviews
- i. Estimate Reviews
 - 1. 180 days for adjuster first estimate
 - 2. Any time there is a paid exceed
 - 3. Every 12 months, including LP cases
 - 4. At settlement proposal
 - 5. When any development indicates a change in total expected costs
 - ii. Payment Reviews
 - 1. At 14 weeks of continuous pay (temporary disability , Industrial Disability Leave, Labor Code 4800/4800.5 time, permanent disability)
 - 2. At 26 weeks of continuous pay of awarded permanent disability
 - 3. At 52 weeks of life pension payments
 - iii. 90 Day Delay Reviews
 - 1. Delay activities and reviews noted in Delay item 13
 - iv. P&S and Finalization Review
 - 1. P&S/Finalization review noted in items 34 and 35
 - 2. Follow up on settlement offers after 30 days
 - 3. After second offer to applicant's attorney, with no response, request DOR from State Fund Legal department
 - 4. After second offer to a non-represented employee, schedule informal conference with Information and Assistance Officer.
 - v. Electronic Claims File System Defined Diaries
 - 1. Case Plan
 - 2. Compensation Due
 - 3. Definite Pay
 - 4. Delay
 - 5. Employer Contact Alert (49 days after the P&S date to determine if the department has returned the employee to work so that permanent disability can be increased or decreased by 15 percent, and to determine if the Proposed Finalization has been sent)
 - 6. Life Pension
17. The Assistant Claims Managers shall review claim files in their adjusters' caseloads based on the activity of the claim file and shall be not less than State Fund guidelines and system defined Electronic Claims File diaries as noted below.

- a. Non-Disability Claims Reviews
 - i. Review at 5 months based on a report that identifies non-disability claims at 5 months from the date of injury to determine if the claim should be transferred to a disability claim or closed.
- b. Disability Claims Reviews
 - i. Estimate Reviews
 - 1. Adjuster estimates over \$75,000
 - 2. Senior Adjuster estimates over \$125,000
 - 3. Monthly State Fund Claims Rehab generated Adjuster First, Paid Exceeds and Assistant Claims Manager Estimate Review report, which captures all claims with an estimate where an Assistant Claims Manager review has not been documented at least once in the last 12 months
 - ii. Payment Reviews
 - 1. WCIT single payment over \$2500
 - 2. Adjuster single payment over \$10,000
 - 3. Senior Adjuster single payment over \$15,000
 - 4. All Workers' Compensation Appeals Board award payments
 - 5. All penalty payments
 - iii. Settlement Authority Review
 - 1. Workers' Compensation Claims Adjuster C&R over \$50,000
 - 2. Senior Workers' Compensation Claims Adjuster C&R over \$75,000
 - 3. Assistant Claims Manager C&R over \$100,000
 - 4. Stipulations with PD values the same as C&R level review
 - iv. Denied and Disputed claims
 - 1. Review all claims prior to liability decision to deny
 - 2. Review any employer disputed claim prior to liability decision to accept
 - v. Other Reviews
 - 1. File review will be done at the request of the adjuster, State Fund attorney, State Fund subrogation attorney or the Department
 - 2. State Fund Quarterly Claims Event report of low activity. Appropriate action, including updating the narrative, will be taken by the adjuster.
 - 3. When the injured employee has been off work for more than 365 days
 - 4. Review semi-annual report on all cases with permanent disability paid but not yet finalized

5. Review semi-annual report on all cases with DOI's greater than 5 years but not yet finalized
18. The Claims Managers shall review claim files as noted below.
 - a. Estimates in excess of \$500,000
 - b. Payments in excess of \$75,000
 - c. C&R in excess of \$100,000
19. The Vice President shall review claim files as noted below.
 - a. Estimates in excess of \$5 million
 - b. Payments in excess of \$175,000
 - c. Settlement requests in excess of \$250,000
20. State Fund shall promptly authorize medical treatment, which is legally determined to be medically necessary to cure or relieve the effects of the industrial injury or illness, within the timeframes ascribed by the California Labor Code. State Fund Utilization Review Program ensures that medical care is consistent with the evidence-based practice and meets current peer-reviewed medical standards and guidelines. Appropriate medical care for a work-related injury or illness improves medical outcomes while containing costs.
21. State Fund shall refer all claim files to legal counsel upon notice of representation, receipt of "Application of Adjudication of Claim" or when appropriate based on the facts of the claim file.
22. State Fund adjusters shall have a standardized narrative report documented in every un-finalized/open claim file. The narrative should reflect the steps taken to move the file to conclusion in accordance with the long range plan of action. The narrative shall be reviewed every time the case is reviewed and updated whenever information is received that could impact the "Case Plan". The narrative is integrated into the Electronic Case File and viewable via State Fund Online.
23. State Fund shall establish narrative reports on all open, un-finalized claims by June 30, 2010.
24. State Fund adjusters shall be available to prepare a case narrative and meet with a department's representative on a case within a reasonable time period. This request shall be for up to a maximum of ten (10) cases, and the departmental representative shall give the State Fund adjuster at least one (1) business day preparation time per case resume. The location of the meeting will be mutually agreed upon. If a department wishes to review more than ten (10) claim files at one time, then additional notice shall be provided. State Fund will meet with a department on an individual case on an urgent basis. If an adjuster has received multiple requests for claims status reports, or a department is requesting more than ten (10) reports, additional time may be necessary. The frequency of these return to work meetings shall be no more than once every quarter.
25. State Fund will provide medical reports to a RTWC within statutory guidelines unless prohibited by State and/or Federal law or withheld with reason by State Fund. It is the department's responsibility to maintain the confidentiality of all supplied reports.
26. State Fund will provide the RTWC with copies of all benefit notices sent to the injured employee or their representative.

27. State Fund representatives shall return all phone calls and e-mails from any party (employer, injured worker, etc) by the close of the next business day.
28. State Fund will respond in writing to all written correspondence received from DPA and departments, within ten(10) calendar days and within all statutory requirements.
29. State Fund adjusters shall complete a "Proposed Finalization for State Cases" and submit it to the RTWC as part of State Fund's request for settlement authority. Upon request for C&R settlement authority over \$150k, the State Fund adjuster will request a comprehensive case review from the State Fund attorney assigned to the claim(s).
30. State Fund's "proposed finalization" package shall include:
 - a. State Fund's "Finalization Worksheet" form (SCIF 3283);
 - b. State Fund's "Claims Balance" report;
 - c. State Fund's "Estimate Evaluation" report;
 - d. The permanent disability formula(s) on which the settlement is based;
 - e. DEU rating if available;
 - f. Medicare Set Aside status;
 - g. Present value assessment/actuary figures, if applicable;
 - h. Copies of the medical report(s) used to determine a permanent disability rate for the case(s), if those medical report(s) have not already been submitted to the department;
 - i. A comprehensive case review prepared by the State Fund attorney in accordance with number 30 above and Section VII. A. 25-26.
 - j. A list of all claims to be addressed as part of the settlement.
31. State Fund will submit the "proposed finalization" package to the RTWC at least ten (10) working days prior to the date of the hearing/conference, unless State Fund receives less notice from the Workers' Compensation Appeals Board. State Fund shall not Stipulate with Request for Award (Stip) or Compromise and Release (C&R) a claim without obtaining prior approval from the RTWC or other appropriate departmental representative.
32. The State Fund representative entering any settlement negotiations on a case will make a documented courtesy call to the RTWC, prior to initiating settlement, if authority has been requested but not yet conveyed by the department.
33. All statutory forms necessary for the reporting of claims and administering the State's Return-to-Work Program will be promptly provided to the departments at no additional cost. Electronic versions of the forms are available for downloading at the State Contract Services section of State Fund's website at SCIF.com.
34. State Fund shall copy the department with all settlement offers made in writing.
35. State Fund shall provide courtesy notice to the department whenever outstanding liens on an individual case total more than \$10,000. State Fund will notify the department within five days whenever an individual lien settles for more than \$10,000.
36. State Fund adjusters shall review any P&S report within fourteen (14) calendar days of receipt to determine appropriate action.

37. State Fund adjusters shall transmit a "proposed finalization" package to the RTWC within 60 days of receipt of the permanent and stationary report, if the claim is ready for finalization. If case is not ready for finalization, the adjuster will update the Case Plan accordingly.
38. State Fund adjusters will refer any claim(s) where fraudulent activity is suspected to State Fund's Special Investigations Unit (SIU). State Fund's SIU is responsible for the referral of cases to legal authorities.
39. Fraud Liaison, Medical Community Liaison (MCL), Utilization Review Coordinator (URC) and individual staff contact and e-mail address information will be available via the Internet at a web site devoted to the State Contract. If individual fax numbers are assigned to staff, those will also be available on the web site.
40. State Fund will make all payments due, subject to reimbursement by State departments. For those costs that are determined to be "penalties," including those prescribed by California Labor Code Section 5814 and those included in settlement agreements, State Fund shall compile the information as follows: actual dollar amount of the penalty, employee name, file location by office, department of employee, unit code (e.g., State Hospital, Correctional Facility, Division, etc.) and the basis or reason for the penalty. This information shall be made available to DPA on a quarterly basis.
41. California Labor Code Section 4650 "increased benefits" (penalties) where an individual department is responsible for the delay, the penalty amount shall be billed to, and paid by, the individual department. In such cases where State Fund is responsible for the delay that results in 4650 penalties, the increased benefit payment shall be billed as a "loss expense" and shall be amortized as part of the budgeted indirect costs included in the service fee structure which is paid by all of the departments participating in this agreement. The payment of 5814 penalties is not covered as part of this paragraph.
42. State Fund will work with the departments and DPA to eliminate or reduce the reasons for the penalties. The review shall occur at least twice a year, or within a reasonable time upon notification by DPA.
43. State Fund shall provide DPA with the results of any audits performed at a State Fund office handling claims covered by the Master Agreement that have been completed by the Department of Industrial Relations (DIR), Bureau of State Audits, State Controller's Office (SCO) or Department of Finance (DOF). These audit results will be provided to DPA within ten (10) working days of receipt of the results.
44. The RTWC may call State Fund and schedule a time to review their claim files. A review of the departmental file(s) may also be performed by a DPA representative. The timing and location of the review will be mutually agreed upon.
45. If a department requests a change of adjuster or adjusting location, State Fund will attempt to accommodate the request within a reasonable amount of time dependent on staffing and space considerations. All changes must be in the best interests of the State Contract Program as a whole and take the staffing needs of the Program into consideration. In the event that resolution is not achieved informally, the dispute resolution process in Section XIII shall be followed.

B. Department Responsibilities

01. Department's shall establish, implement and maintain uniform written policies for injury prevention, reporting of injuries when they occur, maintaining contact with injured employees, and returning injured employees to work per the State Administrative Manual Section 2580 through 2581.2.
02. Each department shall notify State Fund and DPA of the name(s) of the RTWC(s) and their area of responsibility. Each department shall have at least one RTWC who is the key contact with State Fund on claim files related to the department.
03. When there is a change in the RTWC assignment, the Department shall notify State Fund of the name and contact information for the RTWC assigned. This notification will take place not later than one week after the change in the RTWC assignment. Email is the preferred notification method.
04. The Department shall ensure that the "Employer's Report of Occupational Injury or Illness" is completed and submitted to State Fund within five (5) calendar days of the employer's date of knowledge of injury, illness or death. First reports of injury may be submitted via EFROI(preferred), or faxed into the customer service center. If the injury is serious, the Department may call the assigned State Contract Services office directly. The Department is responsible for notifying the California Division of Occupational Safety and Health (DOSH) as required by law.
05. When appropriate, the RTWC shall also send the following to State Fund within five (5) calendar days of the employer's date of knowledge:
 - a. Listing of data collected at the scene of the accident (e.g., pictures or broken equipment), if appropriate;
 - b. List of witnesses and others who have knowledge of the injury; or
 - c. Other information or concerns pertinent to the adjustment of the claimed injury, illness or death.
 - d. Job description which lists the essential functions of the job that the injured employee performed.
 - e. Predesignation form (if applicable)
 - f. If a claim is being disputed the employer must notify State Fund in writing the specific details of why the claim is disputed.
06. If the department identifies a claim as disputed at any time after case make up, and that claim was not previously identified as disputed, the department will contact State Fund within 5 days.
07. The Department shall ensure that the injured employee is provided with an "Employee's Claim for Workers' Compensation Benefits" form (SCIF 3301) within one (1) working day of the employer receiving notice of injury, illness or death. The completed SCIF 3301 shall be routed to State Fund within one (1) working day of receipt from the injured employee or his/her representative.
08. Within one (1) working day after an employee files a claim form, the employer shall authorize the provision of all treatment in accordance with Labor Code section 5402. The injured worker shall be referred to an MPN doctor unless the injured worker has a pre-designation form on file prior to the date of injury.
09. The RTWC or appropriate departmental representative shall utilize a tracking method to document the dates the SCIF 3301 and SCIF 3067 are completed and submitted to State Fund.

10. The RTWC and other departmental employees shall cooperate with State Fund attorneys and the investigators they assign when the need arises for a claim and/or fraud investigation.
11. The RTWC shall return all phone calls and e-mails received from any party (the State Fund adjuster, injured worker, etc) before the close of the next business day.
12. The Department shall provide to State Fund all pertinent information relevant to the adjustment of a workers' compensation claim within five (5) working days of the request and/or seventy-two (72) hours of receipt of the requested information, whichever is sooner. This information may include relevant information regarding: California Public Employees' Retirement System, personnel files, adverse actions and performance issues.
13. The Department shall ensure that salary continuation benefits paid to an injured employee in lieu of temporary disability benefits are paid within the time frames set forth in the California Labor Code. The department will determine if the injured employee is eligible for a salary continuation program. These programs include Industrial Disability Leave, Enhanced Industrial Disability Leave and 4800/4800.5 Time.
14. The Department is responsible for tracking the waiting period and the 365 dates of IDL or 2088 hours of LC 4800 or LC 4800.5. Written notification shall be given to State Fund 30 days prior to the ending date.
15. The RTWC shall maintain communication with all appropriate departmental supervisory and management staff regarding all claims for workers' compensation benefits.
16. The RTWC may schedule meetings with State Fund regarding status of their department's claims no more than once per quarter.
17. The RTWC may request State Fund hire an investigator to complete an investigation on a claim. Nothing in this provision allows a department to prevent the investigation of a claim. See section III. A. 08 for timeframes.
18. The RTWC or appropriate departmental personnel may review an investigative report with the approval of State Fund's Legal Department. The investigation shall be reviewed at a State Fund office. The RTWC may not make any copies of the document. State Fund may refuse the review of a report if State Fund believes there is a conflict of interest in a particular case.
19. The department shall report any suspected fraudulent activity to a State Contract Services Fraud Liaison who works with the State Fund SIU or to the adjuster..
20. The department will provide an appropriate reply in writing to State Fund's request for authority within ten (10) working days following receipt of a complete settlement request or at least 24 hours prior to the MSC or hearing, whichever is sooner. Failure by the department to approve or deny the request within this specified time period will constitute approval of the proposed action.

When all of the following apply, the department will, at a minimum, give authority to State Fund to stipulate to the DEU rating:

AOE/COE is not in dispute;

The final report from the defense QME, panel QME or AME has been received, or the final report from the primary treating physician has been

received and the employer is not legally entitled to obtain a QME or an AME report; and
The finalization worksheet was received timely and is complete.

If a DEU rating has not been requested, the department may request a DEU rating prior to authorizing settlement.

If authority is not granted, then the RTWC or another department representative who has the authority to authorize settlement must personally appear at the MSC or Trial. Failure to appear shall constitute authorization to stipulate to the DEU rating.

This section shall not apply if State Fund agrees that there are unresolved legal issues, such as apportionment, that may render the DEU rating excessive.

21. The department must be able to pay all monetary settlements that are negotiated in good faith by State Fund. The department must notify DPA and the Department of Finance, immediately, if there are budgetary issues that could negatively impact State Fund's ability to successfully negotiate a settlement.
22. At the request of the State Fund adjuster or attorney, the RTWC shall attend case planning meetings, Mandatory Conferences and Trials. If the RTWC can not attend a case planning meeting out of town, alternatives to travel will be considered, such as conference calls or teleconferencing.
23. The RTWC may call State Fund and schedule a time to review their claim files. A review of the departmental file(s) may also be performed by a DPA representative. The timing and location of the review will be mutually agreed upon.
24. The RTWC shall maintain regular contact with a supervisor or manager of an injured employee who is temporally disabled and unable to return to work full-duty in his/her usual and customary position. The RTWC shall request that the injured employee's supervisor or manager provide them with a "progressive recovery report" containing the following:
 - a. Availability of modified or alternative work;
 - b. Medical documentation received from the injured employee or his/her treating physician; and
 - c. Other information pertinent to the adjustment of the injured employee's claim(s) (e.g., performance issues, adverse actions, jury duty, etc.).

The RTWC is responsibility for conveying this information to the claims adjuster in a timely manner so that appropriate benefits can be provided.

C. DPA Responsibilities

01. DPA will, as necessary, schedule regular meetings between State Fund and the RTWCs. DPA will conduct educational/informational forums on a quarterly basis.
02. DPA will notify the departments of any changes to this agreement.

V. Medical Cost Containment and Utilization Review

A. State Fund Responsibilities

01. State Fund shall utilize an automated bill review system. Utilization of this system shall ensure that bills are paid in accordance with the appropriate medical fee schedule, and that duplicate services are not paid.
02. State Fund shall contract with hospital networks to ensure medical cost containment. State Fund adjusters will try to utilize the hospitals which are members of the contracted firm's network.
03. State Fund will utilize the State's Medical Provider Network, whenever possible.
04. State Fund shall continue to provide educational opportunities to physicians who may treat workers' compensation patients.
05. State Fund shall have the services of a Medical Community Liaison in each geographic area.
06. State Fund shall provide on-going training to its professional staff on medical treatment and medical-legal issues.
07. State Fund adjusters may utilize Medical Consultants on claims in which they have questions regarding medical or return to work issues.
08. State Fund will establish and utilize a Utilization Review process in accordance with current law.
09. State Fund shall notify the RTWC before utilizing an outside nurse case manager on a claim. This does not include nurse consultants utilized for the evaluation of economic exposure on claims, or to complete a timely utilization review assessment of a medical treatment request for home health care.
10. State Fund shall assist any department, through training and informational assistance, with questions or issues that are related to the State of California's Medical Provider Network.

B. Department Responsibilities

01. The Department shall:
 - a. Select a medical provider that is part of the State's MPN .
 - b. Post a notice to employees in a conspicuous place frequented by your employees and include the selected medical provider
 - c. Provide your employees an opportunity to predesignate their primary treating physician or medical group upon hire and annually thereafter.
 - d. Provide the Guide to the MPN for State of California Employees to employees upon hire and when a claim for workers' compensation benefits is filed.

VI. Return to Work and Vocational Rehabilitation Services

A. State Fund Responsibilities

01. State Fund shall be responsible for ensuring the provision of vocational rehabilitation and supplemental job displacement benefits when an injured employee is entitled to those benefits. State Fund shall provide these benefits in accordance with the Labor Code and the Regulations set forth by the Division of Workers' Compensation (DWC).
02. In the event that the employee is eligible for vocational rehabilitation benefits, the following will apply:
 - a. State Fund shall contact the department to determine whether a modified or alternative position is available. If a position is not available and the injured employee becomes or is presumed to be a qualified injured worker, State Fund will refer him/her for vocational rehabilitation services.
 - b. The State Fund vocational rehabilitation coordinator (VRC) will give written notice to the Department when an employee becomes or is presumed to be a qualified injured employee and will provide the medical limitations to the RTWC in order to facilitate the search for an alternative position.
 - c. The State Fund VRC will consult with the RTWC during the developmental phase of a plan and prior to agreeing to a plan. State Fund will give first consideration to vocational rehabilitation plans which will return the injured employee to State service.
 - d. The VRC will make the determination that a proposed plan should be approved, if the department does not have an alternative job available for the injured employee. State Fund will give first priority to vocational rehabilitation plans which provide the injured employee with the skills needed to return to work in State service.
 - e. State Fund will endeavor to utilize private vocational counselors who have been trained on the process of obtaining and maintaining a job in State service and knowledge of the Americans with Disabilities Act and Fair Employment and Housing Act.
 - f. State Fund shall notify the RTWC upon paying expenses outside the vocational rehabilitation cap and upon authorizing retroactive benefits.

B. Department Responsibilities

01. Departments shall comply with the applicable Sections of the California Government Code, California Labor Code, California Code of Regulations, State Administrative Manual (SAM) and Executive Order D-48-85, regarding returning employees to work and shall actively seek employment opportunities for injured employees who have become disabled.
02. Departments shall notify State Fund in writing within 5 days when any injured worker returns to work or the department offers to return the injured worker to work.
03. The RTWC shall provide information to State Fund that could impact plan selection and/or development within ten (10) calendar days of receiving State Fund's notice that the injured employee has accepted vocational rehabilitation. This

information should include, but is not limited to availability of modified/alternate work, requested job descriptions and other DWC required information.

04. The RTWC shall express in writing any concerns about the proposed goal within fifteen (15) calendar days of their notice of the plan.
05. The RTWC shall cooperate with the adjuster or VRC and the private rehabilitation vendor.

C. DPA Responsibilities

01. DPA shall work with State Fund and the departments to ensure that injured employees are returned to work in the most expeditious manner.
02. DPA, in conjunction with State Fund, may provide training to RTWCs on finding alternative positions for injured employees.

VII. Litigation Services

A. State Fund Responsibilities

01. State Fund attorneys will represent departments covered under this Agreement in all actions before the Workers' Compensation Appeals Board and the courts upon appeal or review, except as noted below:
 - a. Departments will have the option of electing State Fund legal representation or legal representation of their own choosing, at the department's expense, in litigated out-of-state cases, litigation before the Workers' Compensation Appeals Board under California Labor Code Section 132a (discrimination actions), litigation under California Labor Codes Sections 4550-4557 (serious and willful misconduct claims), litigation under California Labor Code Section 5813 (Workers' Compensation Appeals Board sanctions), applicable Board Rules and litigation in which an actual conflict of interest exists.
 - b. State Fund shall have no obligation to provide legal representation in litigation under California Labor Code Section 132a, other than before the Workers' Compensation Appeals Board, and shall have no obligation to provide legal representation in litigated out-of-state cases, if the other state refuses to permit a State Fund attorney to make an appearance before the State's equivalent of the Workers' Compensation Appeals Board.
 - c. In the event that State Fund does represent a department in a claim that arises in another state, State Fund at the Department's expense, may do all things necessary for the adjustment, litigation and disposition of out-of-state claims for the injured employee of a department under this Master Agreement including, but not limited to, the selection of subcontractors qualified to litigate, adjust and dispose of claims in the other jurisdiction. All parties recognize and acknowledge the confidential nature of all claim products. The department will reimburse State Fund for the payment of required benefits and administrative costs in accordance with the appropriate laws of the governing jurisdiction.

- d. For the purpose of auditing a State Fund legal file, either departmental staff counsel or an attorney who is a State employee, hired by the department and acting as an agent for the department, may review the legal, investigative and/or subrogation file adjusted under this agreement as that department deems appropriate. Such reviews will be conducted on State Fund premises. Requests to conduct such reviews must be reasonable and submitted in writing at least ten (10) working days in advance to the Assistant Chief Counsel for State Contract Services Legal (SCSL) and to the State Fund Attorney in Charge, for any State Fund location with a courtesy copy of the request sent to the State Fund Contract Services Manager and DPA. All parties recognize and acknowledge the confidential nature of such documents.
- 02. The State Fund attorney will zealously advocate for the departments that the attorney represents in all actions before the Workers' Compensation Appeals Board and in the courts upon appeal or review. State Fund attorneys may interact with qualified State attorneys working within a given Department and may discuss tactics, working approaches, settlement options, and authority requests.
- 03. The State Fund adjuster will continue to be the primary contact, even after a case has become litigated. The Departments may contact the State Fund attorney directly.
- 04. The State Fund attorney will respond within ten (10) business days to any request for service from the employer.
- 05. All secondary files, if appropriate, related to the master claim file are to be included in any settlement agreement reached on the master claim file. Due to Benson case law, some secondary files must now be settled as master files.
- 06. The State Fund attorney shall make arrangements, preferably through the RTWC or the departmental designee, to interview witnesses and brief department representatives as appropriate.
- 07. State Fund will give departmental representatives the maximum amount of advance notice possible when a need arises for attendance at conferences/trials, and within two (2) working days from State Fund's knowledge that attendance by the department is necessary to defend the case.
- 08. When there appears to be a good factual basis for apportionment, the State Fund attorney shall make a good-faith effort to obtain valid legal apportionment from the AME, QME or PTP when such medical report/opinion is intended by the attorney to be the primary defense medical offered to the Workers' Compensation Appeals Board or if the medical will be used as the basis for settlement of permanent disability issues.
- 09. Consistent with the specialized area of representation in workers' compensation matters, State Fund attorneys will work with the department's attorneys and litigation staffs in the department's best interests when issues involve litigation in multiple forums (e.g., Workers' Compensation Appeals Board, Municipal, Superior or Federal Court). Control of workers' compensation litigation will remain under State Fund's Legal Department and State Fund attorneys will cooperate with and receive cooperation from department litigation staffs, consistent with sound legal practices of representing the client's best interests.

10. Within the specialized area of representation where workers' compensation matters are at issue, there are often other personnel issues, related to the workers' compensation case, which are litigated at the State Personnel Board (SPB). An adverse decision from the SPB can potentially affect many departments on personnel related issues. In such cases where the department affected does not have a legal staff or where State Fund and/or the department feel it would be of fiscal benefit to have a legal representative experienced in personnel matters available for consultation, DPA legal staff may be used for consultative purposes. Department's utilizing the DPA Legal Division services will be charged on an hourly basis in accordance with the most current DOF Budget Letter.

Control of workers' compensation litigation will remain under State Fund's Legal Department and State Fund's attorneys will cooperate with DPA or outside legal staff consistent with sound legal practices of representing the client's best interests.

11. A Report of Deposition will be completed by State Fund attorneys after every deposition. State Fund shall provide the transcripts to the RTWC, upon request when appropriate under the law.
12. State Fund shall not Stip or C&R a claim without obtaining prior approval from the department, except as provided in IV.B.20 below.
13. The State Fund representative entering any settlement negotiations on a case will make a documented courtesy call to the RTWC, prior to initiating settlement, if authority has not been conveyed by the department. This section applies whether or not the department has complied with section IV.B.20 below.
14. If a case is settled for more than the authorized settlement amount, State Fund will provide a letter or report of explanation to the affected department and DPA. The explanation may be provided in the Report of Hearing.
15. State Fund will notify departments of all good faith offers to settle the claim. If State Fund receives a good faith settlement offer with time constraints, (an offer at the Conference/Trial) the State Fund representative shall telephone the RTWC to obtain settlement authority.

It is the responsibility of the departmental representative granting the verbal authority and the State Fund representative securing the authority to assure that the authority extended is documented in written form, within three (3) business days, and provided to all parties (RTWC, State Fund adjuster and State Fund attorney).

16. State Fund will notice Workers' Compensation Appeals Board of the name and the address of record, supplied to State Fund by the department, for the department that is to be listed as a party on the Workers' Compensation Appeals Board record. The department may then receive copies of all case settlements (e.g., Stip, C&R or Findings and Award) provided that the Workers' Compensation Appeals Board sends a courtesy copy to the address noted for the employer.
17. State Fund shall provide the department with copies of all Reports of Hearings and petitions.

18. State Fund's Appellate Unit will review all cases in which there is a request for a Writ of Review. The Appellate Unit will determine whether the case should be appealed further. This determination will be made within twenty-eight (28) calendar days of State Fund's receipt of the decision after reconsideration.

The Department will be notified simultaneously when a case is referred to State Fund's Appellate Unit. The Department may submit written comments concerning the case to State Fund's Appellate Unit by delivering those comments to State Fund's Appellate Unit within 10 working days of receipt of the notice.

The Appellate Unit will provide their determination to the RTWC by the thirtieth (30th) calendar day from State Fund's receipt of the decision after reconsideration.

The RTWC may discuss the Appellate Unit's determination with the local State Fund attorney or senior counsel if he/she disagrees with the Appellate Unit's determination. DPA and the Department shall be copied on all cases in which a Writ of Mandate or Writ of Review is filed.

19. State Fund will notify the RTWC and the Appellate Unit simultaneously when a case is referred to State Fund's Appellate Unit.
20. State Fund will notify the RTWC ten (10) working days in advance of the date of a hearing unless less notice is given by the Workers' Compensation Appeals Board. When State Fund receives less than ten (10) working days notice, the attorney will notify the RTWC within one (1) working day of State Fund's attorney's notice.
21. State Fund attorney assignments shall vary based on State Fund management's assessment of the complexity and level of difficulty of the case load, and the experience of the attorney.
22. State Fund attorneys shall evaluate potential witnesses prior to a mandatory settlement conference (MSC). State Fund shall let the RTWC know the list of witnesses given at the MSC. State Fund shall notify the witness(es) that they will need to appear for the trial and this notice will preferably be not less than twenty (20) working days before a trial. The State Fund attorney shall prepare the witness before the trial date.
23. State Fund shall notify the RTWC, in written form within one (1) working day of their knowledge that a hearing date has been rescheduled or canceled.
24. Within five (5) working days of initial file assignment to the attorney, written communication that identifies the State Fund attorney and secretary assigned to the file will be sent to the RTWC and the State Fund adjuster. The communication will contain any immediate concerns that the attorney might have, identify any legal issues that are apparent and may also include requests for information from the department.
25. A file review shall be generated taking a comprehensive look at the case upon the occurrence of the following:
 - a. Notification by designated Worker's Compensation Management that a case is of a sensitive nature or high profile and trial or hearing is imminent;
 - b. Disputed issue that is to be heard before the Workers' Compensation Appeals Board (e.g., AOE/COE & LC 132a) requiring imminent trial preparation;

- c. Upon request for C&R settlement authority over \$150k, the State Fund adjuster will request a legal case review. The State Fund attorney shall complete the case review within ten (10) business days from the "receipt of request"; or
 - d. Significant and compelling case developments (e.g., collateral personnel or civil litigation issues, fraud or witness change of statement) that would warrant a comprehensive case review.
26. The State Fund attorney shall prepare a comprehensive case review upon the occurrence of the above or could alternatively schedule a meeting with the department to discuss the elements of the case. The case review will be provided in written form and will contain the following, as appropriate:
- Outline the theory of causation;
 - Theory of the case from the applicant's perspective;
 - Subrogation issues;
 - Mechanics of injury;
 - Potential witnesses;
 - Medical status of the case to include apportionment issues;
 - Discovery plan;
 - Strategies;
 - Plan of action;
 - Identification of the collateral issues that apply to other cases; and
 - The State Fund attorney's impression/opinion of the case.
27. The State Fund attorney shall notify the Attorney-in-Charge once a case review is completed. The Attorney-in-Charge will track completed case reviews and require State Fund attorneys to notify the Attorney-in-Charge upon completion of a case review.
28. Upon reasonable request by designated departmental representative, the State Fund attorney shall attend strategy meetings within reasonable commuting distance or by teleconference. The strategy meeting requests shall be limited to those cases that are high profile, have collateral issues, or involve high dollar settlement amounts. The departmental representative shall obtain managerial approval prior to requesting a strategy meeting.
29. It is acceptable that the case review be sent electronically upon confirmation that e-mail communication can be received by the RTWC. This communication is considered confidential and shall be treated as such regardless of the method of delivery. A department may request that the review be sent via U.S. mail if e-mail communication is unavailable.
30. A comprehensive Report of Hearing will be completed by State Fund attorneys after every MSC, deposition, hearing or trial. The Report of Hearing will be filed in the claim files with a copy forwarded to the departmental RTWC within ten (10) business days. The Report of Hearing should include any substantive discussions that occurred at the hearing.
31. When a department requests a change of attorney, State Fund will attempt to accommodate the request within a reasonable amount of time, dependent on staffing, space and other considerations. If State Fund is unable to make the change, they will notify the department and DPA.
32. It is desirable to have the same attorney handle a case throughout the course of the case whenever possible. The realities of the Workers' Compensation

Appeals Board calendar system are such that conflicts inevitably occur. When there is a conflict, it is generally preferred that trials take precedence for assignment. These preferences do not take precedent over the judgment of the supervising attorney in particular case assignments, but are preferred guidelines

B. Department Responsibilities

01. At the earliest date, the RTWC shall provide a list of potential witnesses and their case relevant knowledge of the job, injured employee, incident or claim to State Fund. It is the responsibility of the State Fund attorney to determine whether the witness should be used.
02. The department shall identify which individual is authorized to represent the department with regard to any legal proceedings before the Workers' Compensation Appeals Board. This authority must include the ability to negotiate settlements. The departments shall have a person available with settlement authority for all conferences and hearings. The authority must meet the requirements of the California Labor Code and Workers' Compensation Appeals Board Rules. The person designated by the department need not be present at the conference or hearing if the State Fund attorney can obtain immediate authority by telephone.
03. The departments shall notice State Fund of the departmental address of record, which State Fund will list for the official Workers' Compensation Appeals Board record. The departments may receive copies of all settlements (e.g., Stip, C&R and Findings and Award) provided that the Workers' Compensation Appeals Board sends a courtesy copy to the address noted for the employer (department).
04. 06. The department is responsible for preserving all material evidence related to the injury (e.g., furniture, equipment or documentation). If evidence can not be preserved (e.g., wet floors, loose wires or broken chair) arrangements should be made to have the scene photographed. The department shall identify and make available all designated witnesses as needed for interviews, depositions, medical consultations, conferences or hearings.
05. 07. The department may enter into a "side letter" agreement for special legal services. Such a side letter is subject to the scope, limitations and restrictions outlined in "Additional Services Request" (Attachment II). All costs are the responsibility of the department and they must be specified in the side letter.
- 06.

C. DPA Responsibilities

01. DPA shall work with the State Fund to ensure that departments are properly briefed on their responsibilities under the law.
02. DPA, in cooperation with the DOF, will assist State Fund and departments in promptly resolving budgetary issues that could adversely affect the ability of the State to meet its legal obligations under the California Labor Code.

VIII. Subrogation

A. State Fund Responsibilities

01. State Fund is authorized to perform any acts on behalf of the departments which the department itself might do to recover from third persons under Chapter 5 of Part 1 of Division 4 of the California Labor Code (commencing with Section 3850), or which an insurer might do to recover costs pursuant to Section 11662 of the California Insurance Code, or applicable codes of other jurisdictions.
02. The acts authorized shall include the right to commence and prosecute actions against a third person, the right to file liens for whatever sums would be recoverable by suit against such a third person, the right to intervene in other court proceedings, and the right to compromise claims and actions before or after commencement of suit or after entry of judgment when, in the opinion of State Fund, collection cannot be enforced in full.
03. State Fund shall notify a department in writing when a case has been referred to the Subrogation Unit. The Subrogation Unit will provide the department with an analysis of the likelihood of recovery and the name and telephone number of the attorney handling the file. When a subrogation case has been settled, the department will be notified regarding the amount of any recovery (cash or credit) and the manner in which the recovery is to be applied.
04. Nothing in this section shall compel State Fund to pursue any action against a third person, on behalf of a client department, if in the opinion of State Fund such action is not cost effective or is not in the best interest of the State as an employer. The RTWC shall be informed of the reasoning behind any decision not to pursue subrogation. The RTWC may call the Subrogation Unit and discuss.
05. Section VII.A.01.c. of this Master Agreement shall also apply to this section.
06. State Fund subrogation will direct correspondences, notices and requests for information for all departmental subrogation cases statewide to the departmental representative identified in accordance with Section VIII. B. 04.

B. Department Responsibilities

01. No State agency, department or facility shall subrogate against another State agency, department or facility covered by this agreement.
02. The department is responsible for the preservation of all evidence in Department's possession. Departments should have written procedures on securing such evidence.
03. The department is responsible for making witnesses and other relevant parties available for interviews when requested to do so by State Fund.
04. Each department shall provide State Fund and DPA with the contact information for one (1) departmental representative, who will act as the statewide contact for the State Fund Subrogation Unit. State Fund subrogation will direct correspondences, notices and requests for information for all departmental subrogation cases statewide to the identified departmental representative. It is the responsibility of the departmental representative to distribute the information to the appropriate party(ies) internally.

C. DPA Responsibilities

01. DPA shall work with State Fund to ensure that subrogation activities are pursued in the most appropriate situations and not in instances when the potential benefit to one department is outweighed by the potential negative impact to another department or the State in general.
02. DPA shall develop and maintain the list of departmental representatives, who will act as the statewide contact for the State Fund Subrogation Unit (see Section VII. B. 04).

IX. Training

A. State Fund Responsibilities

01. Each State Contract adjuster, Assistant Claims Manager, VRC, and claims manager shall be certified. Unless the State Fund employee was certified because of work experience, those handling claims will complete a State Contract Training Program designed by State Fund. The training will emphasize the unique features of the State Contract. Each employee who handles claims will be given ongoing training to fulfill the requirements for continuing education units
02. Each State Fund State Contract adjuster, Assistant Claims Manager, VRC and claims manager will tour the departmental facilities, wherever possible, within their regions upon initial assignment to the caseload, or upon the request of the department.

B. Department Responsibilities

01. The RTWC shall take the Return-to-Work Training class given by DPA, and/or an accredited or DPA approved equivalent training program, within twelve (12) months of their appointment. Each year thereafter the RTWCs shall take at least sixteen (16) hours of additional training in the areas of workers' compensation, disability management, etc (this can include the quarterly DPA forums or other seminars).
02. The RTWC will arrange tours, wherever possible, of departmental facilities for State Fund representatives upon request by State Fund.

C. DPA Responsibilities

01. DPA, in cooperation with State Fund and the departments participating in this Master Agreement, shall provide ongoing training programs for all RTWCs. Additional classes may be set up outside this agreement and separate fees may be charged for attendance of these classes.
02. DPA will provide training and/or examinations as described in Section VIII. B. 01. of this Master Agreement.

X. Service Fees and Reimbursement of Expenditures

Service Fees will include the cost for claims administration, legal representation, contract administration and all "indirect costs" as defined by the 1998 Independent Accountant's Report produced by the SCO. Service fees and reimbursement of expenditures will be in compliance with Section 11871 of the California Insurance Code. Service fees will be evaluated and adjusted annually to reflect the projected costs for each new rating period.

State Fund, and DPA (representing the State), agree that this is an Interdepartmental Agreement to provide workers' compensation claims processing and legal representation service to all agencies and departments that are covered by this Agreement. Specifically, it is not a workers' compensation insurance policy contract.

A. Service Fees

- a. An annual estimate of State Fund's operating costs and projected number of claims that will be reported will be developed by State Fund and submitted to DPA one hundred and eighty (180) days prior to the new rating period which begins on July 1st each fiscal year. An annual contract fee for service will be negotiated and agreed to by State Fund and DPA. The service fee for each fiscal year will be allocated to State departments based upon the average number of open cases from each department's disability claim inventory for the three most recent completed quarters. Each department will be billed in twelve (12) equal monthly installments for its percentage of the total service fee. Electronic transfer of the services fee funds will be established through the SCO in the same fashion as the Working Capital Account (see Section IX. C).
- b. DPA reserves the right to realign the service fee allocation prior to each new rating period.
- c. If a new department seeks to participate under the Master Agreement, DPA and State Fund will perform a risk assessment to assure that any department entering this agreement understands and is able to meet the fiscal responsibility as part of this agreement. An appropriate fee will be negotiated between State Fund and DPA and charged monthly to all new departments entering this agreement.
- d. DPA and State Fund shall jointly arrange for an examination by the State Controller's Office of State Fund's cost incurred in providing claims adjustment services under this agreement. These costs shall include both direct and indirect costs as defined in the State Administrative Manual (Section 8752).

State Fund's expenses for providing service under this agreement for the 2009 calendar year shall be examined and reported on by the State Controller's Office during the first quarter of 2010.

This section is subject to available funding. The cost of this examination shall be included in the service fee assessment.

B. Entering, Re-entering and Termination under the Master Agreement

- a. DPA, as the contract manager, holds the unilateral right to permit a department, not already a participant in this agreement, to enter the agreement. DPA may require that any department entering, or re-entering this agreement, place an additional amount on deposit when entering the Master Agreement to assure the fiscal stability of the Master Agreement.
- b. DPA will, upon any department's breach of any of its obligations under this agreement, provide that department sixty (60) calendar days notice of termination

from coverage under the Master Agreement specifying the reason for termination. The department shall have thirty (30) calendar days from the notice to cure the breach or demonstrate a substantial effort to cure the breach. If the department does not correct the breach within this thirty (30) day period, DPA will request that State Fund put that department into an insurance policy.

C. Working Capital Account (Deposit)

This Master Agreement provides that each legally uninsured department place a deposit hereinafter referred to as a working capital account (or Prepayment from Other Funds), with State Fund. A contribution amount equal to one-sixth (1/6th) of the annual benefit cost during the preceding July through June 30th shall be placed in the working capital account with State Fund. Each individual department's contribution to the working capital account shall be used by State Fund to credit each department's May and June billings. A new working capital account contribution, from each department in the Master Agreement, will be due upon enactment of the budget for that year. State Fund shall provide a schedule to DPA for approval showing each department's working capital account contribution prior to submitting the direct transfer file to the SCO for payment processing.

After the parties have implemented direct transfer through the SCO for the payment of the benefit billings, State Fund will reduce the working capital accounts (deposits) to an amount equal to 9.6 percent of the annual benefit cost during the preceding July through June 30th. Each individual department's contribution to the working capital account shall be used by State Fund to credit each department's June billings.

The SCO terminology for the electronic transfer plan is "direct transfer process". Transactions for the direct transfer process will be submitted to the SCO by State Fund via electronic file in a format to be specified by the SCO. It will be recorded in the SCO as follows:

Once the budget is passed (normally in July) and set up is completed by SCO, the working capital account to State Fund will be processed by the SCO, provided an accurate electronic file containing transactions affecting the departments' appropriation is received from State Fund. The working capital account contribution to State Fund will be recorded in the departments' books and by SCO as debits to Prepayment from Other Funds. In State Fund's books, cash transferred will be recorded as credits to Prepayment from Other Funds. The working capital account will remain unchanged until May and June of each fiscal year.

The actual monthly charges from July through April will be debited to the departments' appropriations and recorded by the SCO as expenditures. Cash transferred to State Fund will be recorded as Operating Revenue. After the parties have implemented direct transfer through the SCO for the payment of the benefit billings, this will be extended to the May charges, which will no longer be handled as directed in the following paragraph.

The working capital account will be used to offset the actual monthly benefit billing charges for May and June of the fiscal year. The May and June charges will be recorded in the departments' books by the SCO as a debit to expenditures and a credit to Prepayment from Other Funds. In State Fund's books, charges will be recorded as a debit to the Prepayment from Other Funds and credit to Operating Revenue. If a department's contribution to the working capital account is not enough to cover the actual monthly benefit billing charges, State Fund will provide SCO the file to debit each department's appropriation for the additional expenditures and to credit State Fund's Operating Revenue. On the other hand, if the department's contribution is in excess of the actual charges for May and June, the SCO will debit State Fund's Prepayment from

Other Funds and credit the department's Prepayment from Other Funds to return excess contribution.

Per the DOF, State Fund is unable to keep the working capital account over a twelve (12) month period because it is a prohibited use of federal funds for those federally funded departments and the departments' budgets are based on and authorized for twelve (12) months of costs.

D. Payment of Invoices

01. All invoices for reimbursement of expenditures on claims, services fees and deposit are due and payable upon receipt by the State department. The State department will schedule all bills for payment in full, subject to revision at a later date, as promptly as fiscal procedures permit but in no case later than fifteen (15) calendar days subsequent to the date of the invoice. Discrepancies will be reported promptly to State Fund and they will make the necessary adjustments on subsequent invoices.

Electronic transfer of the reimbursement of expenditures on claims will be established through the SCO in the same fashion as the Working Capital Account (see Section IX. C). Transactions under the direct transfer process will be submitted to the SCO by State Fund for payment via electronic file in a format to be specified by the SCO. At the same time, State Fund will provide each Department with an itemized invoice which shows the expenditures for which reimbursement is claimed.

02. State Fund will notify DPA on a monthly basis of any payments (e.g., benefits, service charge or deposit) that remain unpaid beyond sixty (60) days. DPA will assist State Fund with obtaining reimbursement for claims expenditures, and payment of service fees earned, including those department s which have ceased to exist.

E. Interim Rate and Cost Adjustments

The annual contract fee for the rating period is subject to adjustment commensurate with any salary or benefit adjustments impacting State Fund's costs. Any adjustment shall be negotiated and agreed to prior to implementation.

F. Benefit Billing Detail

Each billing to departments shall include the following information:

- a. claim number;
- b. injured employees' name;
- c. amount paid in compensation to include check number(s) and date(s) paid;
- d. amount paid in medical costs to include check number(s) and date(s) paid; and
- e. penalty amounts.

G. Late Payments

Any amount outstanding after 35 calendar days from the date of State Fund's transmission to the SCO is subject to an interest charge. The interest rate used will be the same as the annualized Pooled Money Investment Account (PMIA) promulgated at the end of each fiscal year by the Director of the Department of Finance.

In the event that State Fund is directed by the SCO to delay submission of the direct transfer requests, interest will begin to accrue 35 calendar days after SCIF submits the

transfer request to SCO or 35 days after SCIF would have submitted the transfer request to SCO if SCO had not directed them not to submit such request.

H. Indemnification

The departments, agree, consistent with the Full Cost Recovery Policy, to hold harmless, defend, and indemnify State Fund from and against any and all losses, damages, liabilities, costs and expenses (including reasonable attorneys' fees) arising out of or related to State Fund's provision of information received in the course of claims handling pursuant to this Master Agreement (including investigative reports, medical reports, or other similar information) to the departments or their representatives.

XI. Loss Control/Safety Services

A. Materials

01. State Fund will permit departments the use of all audio/video materials listed in State Fund "Safety Films Catalogue" at no extra charge. This service is subject to the following conditions:
 - a. All media requests must include the name of the department and the name and phone number of the responsible contact person;
 - b. Unless prior arrangements are made at the time of ordering, no materials are to be kept more than one (1) week;
 - c. No more than five (5) items may be held by a departmental location (e.g., institution, district office) at any one time;
 - d. Any departmental location having more than five (5) items will not be sent any additional materials; and
 - e. Departments will be responsible for the replacement costs of any materials which are lost or damaged.
02. All materials that are listed in State Fund's "Safety Materials Catalogue" (e.g., posters, stickers and pamphlets) will be provided to departments at cost. A cost list will be provided upon request.

B. Safety Services

01. State Fund shall designate a safety services contact person at each dedicated office. This individual will be a resource for safety services and referrals at no additional charge.
02. Direct Safety Services shall be available on an hourly basis. Delivery of these services will be arranged through the safety services contact person at the nearest dedicated office.
03. Industrial Hygiene services shall be available to departments on an hourly rate basis. Delivery of these services will be arranged through the safety services contact person at the nearest dedicated office.
04. Ergonomic evaluations shall be available to departments on an hourly rate basis. Special group rates may be negotiated for training.

XII. Special Services and Continuous Improvement

A. Special Services

01. Departments may enter into a “side letter” agreement with State Fund to provide additional services not enumerated in the terms and conditions outlined in the Master Agreement (Attachment II). All costs for additional services must be specified in the side letter and paid for directly by the requesting department. Any side letter must be approved by DPA.
02. DPA may enter into a “side letter” agreement with State Fund to provide additional services not specifically enumerated in the terms and conditions outlined in the Master Agreement. Special services requested by DPA will be limited to those which impact more than one department. Costs for services requested by DPA will be allocated proportionally to the participating departments.

B. New Program Development and Process Improvement

01. DPA and State Fund may establish a committee to discuss and implement processes to improve customer service to the departments and to control or reduce the cost of workers’ compensation claims.
02. Any legislatively mandated programs that impact the terms and conditions of this agreement will be incorporated in the scope by reference and the cost of implementation will be allocated proportionally to all participating departments.

C. Errors and Omissions

State Fund, DPA and the participating departments will actively work to reduce and limit mistakes and errors by early identification of cases with complex or sensitive issues and as reasonable, reporting of case problems as they arise. While State Fund does not accept economic liability for errors that may occur in the course of adjusting and legal handling of cases under this agreement, accountability for purposes of recognizing mistakes and amending procedures so as to reasonably prevent repetition and limit expense to departments is a recognized goal of this Master Agreement. It specifically recognizes these expenditures as costs of doing business for the State which is “legally uninsured.”

XIII. Information Management Services

A. State Fund On-Line

01. DPA’s Workers’ Compensation Program shall have twenty four (24) hour Internet access to all departments claim information via the State Fund On-line program. On-line claims data is accessible in read-only format and is provided by fiscal year. This program will allow DPA to customize reports or run summaries, which include, but are not limited to the following:
 - a. Loss Analysis report;
 - b. Inventory report – Opened/Closed and Disability/Non-disability;
 - c. Costs by fiscal year; or
 - d. Assigned adjuster contact information.
02. The departments shall have twenty four (24) hour Internet access to their departmental claim(s) information via the State Fund On-line program. On-line claims data is accessible in read-only format and is provided by fiscal year. This

program allows a department to customize reports or run summaries, which include, but are not limited to the following:

- a. Loss Analysis report;
- b. Inventory report – Opened/Closed, Disability/Non-disability or Litigated;
- c. Costs by fiscal year; or
- d. Assigned adjuster contact information.

B. Electronic Data Exchange (EDE)

It is the mutual goal of DPA and State Fund to improve EDE. Upon request, departments may receive monthly EDE and/or bi-monthly billing data files (encrypted in transit and storage) via the Internet. The data is available utilizing a Sensitive Electronic Information Protection Program which requires the departments to use no special software. The parties will continue to improve this technology.

C. SOLCA, “State Fund On-line Claims Access”

Upon request, departmental RTWC(s) may access the information they need to effectively monitor their department's claim(s) using SOLCA. (Attachment I) SOLCA is Internet based access to read-only claims data (e.g., paid compensation, medical costs, and estimated costs).

XIV. Protection of Confidential Information

A. State Fund

01. Acceptable Use and Disclosure – State Fund shall not use or further disclose confidential data other than as permitted or required by this agreement and shall refer any persons not included under this Agreement to the system owner to request access to the confidential data. State Fund agrees that the information obtained will be kept in the strictest confidence and shall make information available to its own employees only on a “need to know” basis. “Need to know” is based on those authorized employees who need information to perform their official duties in connection with the uses of the information authorized by this Agreement. Furthermore, information may not be re-disclosed or reused without the express permission of the owner.

02. Security Incidents: Upon discovering a security incident, including one which has or may have resulted in the compromise of confidential data, State Fund will report it immediately by telephone and in writing in accordance with its incident reporting procedures. Notification must be sent to the Department of Personnel Administration and the Departments whose information was compromised. If State Fund is responsible for the incident, State Fund will be responsible for handling the mandatory notification to all individuals whose information was compromised. State policy governing the reporting of security incidents is the State Administrative Manual (SAM) Section 5350.

The Department of Personnel Administration contact for such notification is as follows:

Department of Personnel Administration
Manager, Workers' Compensation Unit
1515 S Street, North Building, Suite 400
Sacramento, CA 95811
(916) 445-9792

The State Fund contact for such notification is as follows:

State Contract Services Manager
2450 Venture Oaks Way, Suite 500
Sacramento, CA 95833
(916) 567-7557

03. Trusted Behavior Expectations: State Fund's users are expected to protect all information shared under this agreement, in accordance with the Privacy Act and Trade Secrets Act (18 U.S. Code 1905), the Unauthorized Access Act (18 U.S. Code 2701 and 2710), the California Information Practices Act of 1977 (Civil Code 1798), and the State Administrative Manual Chapter 5300 – 5399.

B. The Departments

01. Acceptable Use and Disclosure – The Departments shall not use or further disclose confidential data other than as permitted or required by this agreement and shall refer any persons not included under this Agreement to the system owner to request access to the confidential data. The Departments agree that the information obtained will be kept in the strictest confidence and shall make information available to its own employees only on a "need to know" basis. "Need to know" is based on those authorized employees who need information to perform their official duties in connection with the uses of the information authorized by this Agreement. Furthermore, information may not be re-disclosed or reused without the express permission of the owner.

02. Security Incidents: Upon discovering a security incident, including one which has or may have resulted in the compromise of confidential data, the Department will report it immediately by telephone and in writing in accordance with its incident reporting procedures. Notification must be sent to the Department of Personnel Administration and State Fund. The Department responsible for the incident will be responsible for handling the mandatory notification to all individuals whose information was compromised. State policy governing the reporting of security incidents is the State Administrative Manual (SAM) Section 5350.

The Department of Personnel Administration contact for such notification is as follows:

Department of Personnel Administration
Manager, Workers' Compensation Unit
1515 S Street, North Building, Suite 400
Sacramento, CA 95811
(916) 445-9792

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03. Trusted Behavior Expectations: The Departments' users are expected to protect all information shared under this agreement, in accordance with the Privacy Act and Trade Secrets Act (18 U.S. Code 1905), the Unauthorized Access Act (18 U.S. Code 2701 and 2710), the California Information Practices Act of 1977 (Civil Code 1798), and the State Administrative Manual Chapter 5300 – 5399.

04. The participating departments agree to limit the distribution of medical reports to those employees specified to administer the employer's worker's compensation

claims. The departments agree to refrain from further disclosure, including further disclosure within the agency.

XV. Dispute Resolution

- A. It is the intent of State Fund and DPA that disputes be resolved at the lowest possible level. Most issues should be resolved by the State Fund adjuster and the RTWC. In the event that such resolution can not be achieved informally between the parties, the following process will be used when a dispute arises from and is limited to the terms and conditions of this agreement.
01. Department Complaint Process:
- a. First Level: Regardless of the nature of the complaint, the department will bring the complaint to the attention of the Assistant Claims Manager and provide the Assistant Claims Manager with any available documentation necessary to address the complaint. Either party may request a meeting to discuss the issue.
- b. Second Level: If the parties are unable to resolve the dispute at the first level of review, then the issue shall be elevated to the Claims Manager in the State Fund office. The Workers' Compensation Manager at DPA, the affected department's director, and the **State Fund's State Contract Services' Claims Operations Managers** at State Fund shall be copied on all disputes submitted to this level.
- c.. Third Level: If no resolution is achieved at the second level of review, the issue will be elevated to the State Contract Services Manager, and the Workers' Compensation Manager at DPA.
02. State Fund Complaint Process:
- a. First Level: Regardless of the nature of the complaint, the department will bring the complaint to the attention of the RTWC's supervisor and provide the supervisor with any available documentation necessary to address the complaint. Either party may request a meeting to discuss the issue.
- b. Second Level: If the parties are unable to resolve the dispute at the first level of review, then the issue shall be elevated to the appropriate management level within the department. The Workers' Compensation Manager at DPA and the affected department's director shall be copied on all disputes submitted to this level.
- c. Third Level: If no resolution is achieved at the second level of review, the issue will be elevated to the affected department's director, and the Workers' Compensation Manager at DPA.
- B. In the event that a State department employer, participating in the DPA administered Master Agreement, refuses to comply with or fails to respond to a State Fund second request for information deemed by State Fund to be material to an objective determination of acceptance or denial of liability, State Fund will notify DPA of the employer's non-compliance with the request unless it is documented by the employer to State Fund that the information is being withheld as part of a privileged, criminal law enforcement investigation or is otherwise privileged by California law. Such documentation shall be available for DPA review upon request.
- C. Upon notification by State Fund that a State department employer, participating in the DPA administered Master Agreement, has refused to comply with or failed to respond to a

second request for information deemed by State Fund to be material to an objective determination of acceptance or denial of liability, DPA will investigate as needed, and the Director of DPA will provide written direction to the Director of the State department employer with a copy to the State Contract Services Program Manager at State Fund.

XVI. Self Adjusting Criteria and Approval Procedures

01. A department may make a request to DPA to withdraw from the Master Agreement for the purpose of self administration of its workers' compensation claims. Such a request must be submitted in writing one year in advance of the proposed implementation date. The request must describe in detail the department's implementation plan, addressing following criteria:
 - a. Any department that opts to self administer shall follow all of the rules, regulations set forth by the DWC;
 - b. All adjusting and legal services must be provided by State of California employees;
 - c. A department may not contract out for any portion of the adjusting and legal services that are currently performed by personnel at State Fund. Departments may contract out for vocational rehabilitation per California Labor Code Section 3214. Any contract services required must be obtained in accordance with all applicable rules, and regulations governing State contracts; and
 - d. Any department that administers its own claims must have the ability to make all required benefit and service payments, within the required time frames established in law and by the DWC. This requirement must be met at all times, whether or not the State is in a position to issue payments due to budgetary constraints. The department is solely responsible for any monetary penalties assessed for late payments.
02. A department authorized to self administer its own claims must take over adjustment of its entire caseload from State Fund.
03. A department that self administers its claims must notify the Administrative Director of the DWC of the new adjusting location(s).
04. DPA will review and approve or reject the application for self administration within sixty (60) days from the date of receipt. Transfer of the case load shall be handled in such a way as to minimize disruption to the participating departments and to avoid the displacement of State Fund staff. After approval, DPA will formally notice State Fund that the department wishes to self administer its' claims, and State Fund will have one hundred and twenty (120) days to execute the transfer of the case load. DPA approval will be subject to review and renewal or revocation each year based on the outcome of a performance audit as indicated in item 5 and the termination conditions in item 7.
05. Arrangements must be made, at the department's expense, to have a workers' compensation performance audit performed each year by DPA, State Fund, another State department or a private firm approved by DPA. The scope of the audit will include the performance criteria outlined in the Master Agreement.
06. A department may notice DPA of its intention to terminate self administration. The notice must include the department's plan for transition of the caseload back to State Fund under the Master Agreement, or its intent to secure workers' compensation insurance. DPA and State Fund must approve the plan. The department may be required to pay DPA and/or State Fund a fee for providing additional services necessary to affect a smooth transition of the caseload.

07. DPA reserves the right to terminate a department's ability to self adjust based on negative audit findings which demonstrate an inability to effectively administer workers' compensation benefits consistent with legal requirements. Departments will be given forty five (45) days notice of the termination. The notice will include the findings and reasons for such action. The department will have fifteen (15) days to appeal the decision to the Director of DPA. The Director's decision is final. The department may be required to pay DPA and/or State Fund a fee for providing additional services necessary to affect a smooth transition of the case load.

CONTRACT LANGUAGE FOR THE NEW MASTER AGREEMENT

ADDENDUM TO ASR1454 – STATE ON-LINE CLAIMS ACCESS

This document will serve to address the Department of Personnel Administration's request on behalf of the State Agencies covered by the Interagency Agreement with the State Compensation Insurance Fund-State Contract Services to provide the existing On-Line Claims Access Program via the Internet.

The terms and conditions of this request are cited below and have been agreed upon by representative from the State Compensation Insurance Fund's (State Fund) Information Technology Unit, San Francisco, State Contract Services, Sacramento, and the Department of Personnel Administration's (DPA) Information Technology Unit and Workers' Compensation Unit, Sacramento.

1. The departmental Personnel Officer or Program Manager, from the individual department requesting initiation of this service shall provide State Fund with user verification, prior to each new or additional user gaining access to this program.
2. All verified users will forward all pertinent information via e-mail to State Fund's Help Desk for processing. State Fund shall provide the format (Word Document) to be used as an attachment to the e-mail notification.
3. DPA and the participating departments agree to conform to State Fund Security Policy regarding the software of choice and any/all installation requirements. Current fees for on-line claims access are \$57 for a single seat license and \$75 per token key fob.

NOTE: Vendor "seat licensing fee" or fee for replacement of lost or damaged materials are subject to increase by the vendor. Such increases will be the responsibility of the participant department on behalf of each individual user utilizing the system.

4. Each State Department shall be responsible for reimbursing State Fund for these security services and payment is due and payable upon successful installation and presentation of invoice by State Fund. The replacement fee shall also apply.
5. State Fund shall bill each participating State department for :
 - a. Initial Installation of security services
 - b. Annual renewal fee(s)
 - c. Replacement fee(s)

ATTACHMENT I

ADDITIONAL SERVICES REQUEST

INSTRUCTIONS:

1. Complete and forward this request to SCIF, State Contract Program Manager.
2. SCIF will evaluate the request for feasibility and compliance with the Master Agreement, and provide an estimate of the cost to the department within 30 days.
3. The Department will notify SCIF whether or not they wish to proceed with the special request within 30 days.
4. If the Department wishes to proceed, SCIF will draft a side letter of agreement that will be signed by SCIF and the Department. If the cost of the special service exceeds \$25,000, DPA's approval and signature will also be required.
5. SCIF will provide a copy of all agreements to DPA.

Briefly outline what is the department's special need:

How can the State Fund fulfill this need? (Specify time frames, resources required, deadline)

REQUESTING DEPARTMENT'S NAME

ADDRESS

.....

.....

PERSON MAKING REQUEST

TELEPHONE NUMBER

Requesting Department's signature _____ date _____

___ SCIF *Approved*. The cost for this special service is:

\$ _____ per month for _____ months.

Or \$ _____ lump sum payable by ___/___/___

___ SCIF *Denied* because:

SCIF signature _____ date _____

The Department wishes to proceed with the special service and accepts the costs outlined above. Please send the formal side letter of agreement to me for signature.

Department signature _____ date _____

ATTACHMENT II